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December 4, 2012

Lieutenant Governor Brian Calley
State of Michigan
P.O. Box 30013
Lansing, MI 48909

Dear Lieutenant Governor Calley:

On behalf of the Ferndale Downtown Development Authority and the Board of Directors that represents the 350+ small businesses that make up Downtown Ferndale, a nationally accredited and award winning Great American Main Street®, we strongly oppose the elimination of the Personal Property Tax (PPT) without a thorough plan to replace it. We work tirelessly every day to grow Downtown Ferndale, improve the quality of life for residents and employees by implementing placemaking initiatives that helps Michigan attract and retain jobs and businesses. Through our investment in infrastructure projects, marketing, downtown management and maintenance, business retention and recruitment, and property redevelopment, we ensure that our downtown continues to be the core reason why people choose to live and stay in Michigan.

Loss of the PPT revenue will dramatically impact our ability to continue to make these investments and improvements in our downtowns. As a member of the Michigan Downtown Association, MDA, we concur with their concerns and those of the Replace Don't Erase Coalition.

We are writing to inform you of the adverse impact of the elimination of PPT would have for Downtown Development Authorities (DDAs) and Tax Increment Finance (TIF) districts, which has not been widely recognized nor investigated by the State in these discussions thus far.

- Statewide, DDAs are already suffering from significant tax revenue declines while our parent municipalities have had to face serious cuts in revenue sharing that have also impacted our DDA budgets. PPT is a critically important funding source for the Ferndale Downtown Development Authority, and the elimination of PPT would result in nearly a 20% reduction of our total funding sources. We already operate on an extremely tight budget with shrinking resources, yet face higher demand for services. Our City and businesses depend on the DDA to manage and maintain the downtown, and we rely on the City and schools to equally do the same for our community. The elimination of PPT will irreparably harm the future of Ferndale.

- Many DDAs support their own bonds that are being paid in part with revenues collected from the PPT and default on these bonds may be an outcome caused by the loss of PPT, which would create a double hit on local governments who are then required to back those bond debts.
- As you know, a majority of job creation is made by small businesses. With 98% of Downtown Ferndale being made up of small independent businesses, the elimination of the PPT would be a conscious decision to stifle the primary source of job growth. DDAs will be the first impacted by the proposed phased-in requirements on smaller businesses in 2014.
- Furthermore, the question of how DDAs, as quasi-public agencies of their municipalities, will be legally provided a share of the state's use taxes has not been answered. Legislation would need to include a provision for DDAs and other taxing authorities to capture its share of any new tax or revenue program created.

For Michigan to remain competitive in the 21st century, we must have vibrant and dynamic downtowns that cater to the needs of all of our residents. Clear economic improvements have taken place in our downtowns, especially Downtown Ferndale, since the 1980s through DDA planning, programming and implementation, which validates the need for focused downtown investment to assure continued statewide economic growth.

If we do not have active downtowns, Michigan will put the pedal to the metal in driving our youth away from our communities, choosing other states to be successful.

What we can support:

- Replacement of PPT must be as close as possible to a full 100% replacement and include a provision for DDAs and TIF Districts.
- Distribution of the new revenue source must be done in an objective manner.
- The elimination of the PPT must be tie-barred to the statewide vote to change the Use Tax. Without this approval, the PPT cannot be responsibly repealed.
- We realize this is a complex issue for everyone, and we believe that it should be properly vetted and not rushed through before January 1st. That is why we are personally informing you of the impact it would have on DDAs so you are thoroughly informed and aware.

As the Executive Director of the Ferndale DDA, I am making myself available to work with you, State Representatives and Senators, and the administration to craft a plan that increases Michigan's economic competitiveness while guaranteeing that successful DDA activities endure, which are so vital to Michigan's quality of life and economic development.

Sincerely,



Cristina Sheppard-Decius, CMSM
Ferndale DDA Executive Director